

JAMAICA¹

MINIMUM WAGE

Jamaica has two minimum wages, one for industrial security guards and one for unskilled and semi-skilled workers. A tripartite Minimum Wage Advisory Commission—consisting of representatives from employers, unions, and the government—advises the Minister of Labor on all matters relating to minimum wages. In determining the minimum wage, the government considers the cost of a selected market basket the ability of employers to pay.

The following is a list of the current minimum wages for industrial security guards (basic pay for industrial security guard, effective January 1997): for work within a normal 8 hour day or 40 hour week—J\$40.60 Jamaican dollars (J\$) per hour; for work in excess of an 8 hour day or 40 hour week—J\$60.75 per hour; and for work on public holidays or rest days—J\$81.00 per hour.

The following is a list of the current minimum wages for general workers (unskilled and semi-skilled, effective July 1996): for work within a normal 8 hour day or 40 hours week—J\$20 per hour; for work done in excess of an 8 hour day or 40 hour week—J\$30 per hour; and for work on public holidays or rest days—J\$40 per hour.

A normal workweek for household workers is up to 44 hours. However, it should be noted that the wage rates offered/demanded exceed the minimum wage. The minimum wage generally serves as a base guideline for employers. According to the Ministry of Labor, a new minimum wage proposal is presently under consideration.

PREVAILING OR AVERAGE WAGE

In the apparel sector, workers are paid a base rate, based upon a given quantitative level and time frame, which varies from company to company and items produced. The base rate is generally above the minimum wage. In addition to the base rate, workers are also paid a piece rate for items produced above the quantity stipulated under the base rate.

The following is a sample of average net annual earnings for various occupational groups in the Jamaican apparel sector for 1998:

¹Unless noted otherwise, information presented here is from American Embassy—Kingston, unclassified telegram No. 579 (February 25, 1999).

<u>Occupational Group or Position</u>	<u>Net Annual Earnings (U.S. dollars—US\$)</u>
Plant Manager	15,000 - 28,200
Production Manager	10,000 - 22,500
Cutting Manager	10,000 - 19,800
Engineer	10,000 - 22,500
Skilled Cutting Labor	4,100 - 5,000
Quality Inspector	3,700 - 4,100
Machine Operator	1,800 - 3,000
General Labor	1,800 - 2,250

The table below presents available data from the International Labor Organization (ILO) on average weekly earnings (direct wages per worker) in Jamaica for all employees in the manufacturing sector; data were not available for the apparel and footwear industries. Earnings data include pay for time worked, paid leave, bonuses, and other benefits paid directly to the employee, but not the cost of social insurance programs.² Average hours worked per week by all employees in manufacturing were 38.6 for the years 1990 through 1992.³ Current average earnings, which are reported by the ILO in the national currency, were converted to US\$ using the annual average exchange rate published in the International Monetary Fund's *International Financial Statistics* (March 1999). To track changes in real earnings (i.e., earnings adjusted for inflation), a real earnings index was computed by deflating current earnings in the national currency with the annual average national consumer price index as published in the International Monetary Fund's *International Financial Statistics* (March 1999), indexed to 1990 = 100.

Average Weekly Earnings in All Manufacturing

<u>Year</u>	<u>All Manufacturing (J\$)</u>	<u>All Manufacturing (US\$)</u>	<u>Real Earnings Index (J\$: 1990=100) All Manufacturing</u>
1990	451	63	100
1991	701	58	103
1992	895	39	74
1993	na	na	na
1994	na	na	na
1995	na	na	na
1996	na	na	na
1997	na	na	na

²International Labour Organization, *Yearbook of Labour Statistics, 1998* (Geneva: International Labour Office, 1998), p. 805.

³International Labour Organization, *Yearbook of Labour Statistics, 1998* (Geneva: International Labour Office, 1998), p. 737.

Note: na = not available

Source: ILO, *Yearbook of Labour Statistics*, 1998, p. 890.

NON-WAGE BENEFITS

Government mandated non-wage benefits include the following: sick and annual leave; statutory deductions which include the employers contribution to national housing trust—3 percent of gross salary; national insurance scheme—2.5 percent; education tax—3 percent; and a pension which is 5 - 7 percent of every worker's income. Most employers also provide other benefits to certain categories of workers such as transportation allowances, rent allowances (a portion of which is taxable), uniform and laundry allowances, and recreation allowances. While these benefits vary from company to company in the apparel industry, the most common benefits offered are transportation and meal allowances.

A U.S. Social Security Administration survey⁴ elaborates on three non-wage benefit programs in which employers in Jamaica participate on behalf of their employees: (1) old age, disability, and death benefits, begun in 1958, are part of a social insurance program in which the insured person pays 2.5 percent of their earnings (up to J\$250,000 per year), the employer pays 2.5 percent of wages (up to J\$250,000 per year), and the government covers administrative expenses; (2) sickness and maternity benefits, begun in 1979, are part of the social insurance program with the same contributions as for pensions above; (3) work injury benefits, begun in 1937, are also part of the social insurance system and the insured person pays nothing, the employer pays as in pension coverage above, and the government, as an employer, only contributes for its own employees.

ASSESSING BASIC NEEDS: THE POVERTY LINE

According to the Planning Institute of Jamaica, an individual or household is considered poor if unable to attain a level of real consumption expenditure at or above an appropriate poverty line on the basis of personal income and assets. In 1997, the poverty line was set at consumption levels below J\$126,922 (US\$3,567) per annum for a family of five. According to reports, 20 percent of the population is below the poverty level in Jamaica.

A compendium of poverty and income distribution statistics prepared by the International Labor Organization⁵ reports several sets of measures of a national poverty line for Jamaica:

⁴ Social Security Administration, *Social Security Programs Throughout the World - 1997* (Washington: U.S. Government Printing Office, August 1997), pp. 192-193.

⁵ Hamid Tabatabai, *Statistics on Poverty and Income Distribution: An ILO Compendium of Data* (Geneva: International Labour Office, 1996), p. 63.

- ! for 1980, 51 percent of the rural Jamaican population was below the poverty line.⁶
- ! for 1985, 5.9 percent of the Jamaican population was below the poverty line of US\$31 per capita per month, based on 1985 purchasing power parity adjusted US\$ (J\$74).⁷
- ! for 1989, 18.3 percent of the rural and 4.4 percent of the urban Jamaican population were below the poverty line of US\$60 per capita per month, based on 1985 purchasing power parity adjusted US\$; the national poverty rate was 12.1 percent.⁸

The World Bank reports⁹ that, in 1992, 34.2 percent of the Jamaican population was below the country-specific poverty line; the same source reports that, in 1993, 24.9 percent of the Jamaican population was below the international poverty line of US\$2 per person per day and that 4.3 percent of the population was below the international poverty line of US\$1 per person per day, both in 1985 purchasing power parity adjusted US\$.

MEETING WORKERS' NEEDS

There is little conclusive evidence on the extent to which wages and non-wage benefits in the footwear or apparel industries in Jamaica meet workers' basic needs. The U.S. Embassy noted that the following studies have been done on wages in Jamaica:

Jamaica Employers Federation, "Salary and Fringe Benefits for Supervisory, Clerical and Production (1997)," a biannual report published by the Federation;

⁶ The estimate is referenced as originating from R. Urzua, *Caracterización, Dimensiones y Evolución de la Pobreza Rural* [Characterization, Dimensions and Evolution of Rural Poverty], FAO Studies on Rural Poverty (Rome: FAO, 1984). No further information is provided in the ILO compendium regarding the estimate.

⁷ The estimate is referenced as originating from Elaine K. Chan, "A Compendium of Data on Poverty and Income Distribution," Background Paper for the *World Development Report 1990*, Mimeographed (Washington: World Bank, 1990), p. 44. The estimate is uses data from the household *Survey of Living Conditions 1988* conducted by the Statistical Institute of Jamaica and the World Bank, *Preliminary Report on Living Conditions Survey*, Jamaica (Kingston: World Bank, no date), Table 3.1. See Tabatabai, *Statistics on Poverty and Income Distribution: An ILO Compendium of Data*, p. 162.

⁸ The estimates are referenced as originating from George Psacharopoulos, Samuel Morely, Ariel Fiszbein, Haeduck Lee, and Bill Wood, *Poverty and Income Distribution in Latin America: The Story of the 1980s*, Latin America and the Caribbean Technical Department, Regional Studies Program, Report No. 27 (Washington: World Bank, 1993), Table 13.1 and pp. 62-69. The study is based on national-level household surveys compiled by the Economic Commission for Latin America and the Caribbean (ECLAC) and the World Bank. The poverty lines, in 1985 purchasing power parity adjusted US\$, were converted into national currencies, but were not provided in the ILO compendium. See Tabatabai, *Statistics on Poverty and Income Distribution: An ILO Compendium of Data*, p. 138.

⁹ World Bank, *World Development Report 1998/99* (New York: Oxford University Press, 1999), p. 196.

Planning Institute of Jamaica, “Standard of living conditions,” published annually by the Jamaican government; and

Statistical Institute of Jamaica, “Employment, Earnings and Hours Worked in Large Establishments, 1996-1997,” published by the Jamaican government.